

DATE: FEBRUARY 14, 2011

AGENDA ITEM 6

TO: THE LOS ANGELES GRAND AVENUE AUTHORITY

FROM: MARTHA WELBORNE, MANAGING DIRECTOR
GRAND AVENUE COMMITTEE

SUBJECT: PHASE I PARCEL Q GRAND AVENUE PROJECT COMMENCEMENT EXTENSION

COMMITTEE

REVIEW: RECOMMENDATIONS OF THE GRAND AVENUE COMMITTEE ON THE GRAND
AVENUE PROJECT

It is recommended that the Authority:

1. Approve the First Amendment to the Amended and Restated Agreement re: Revised Phase I, Parcel Q Schedule of Performance and Certain Waivers Under DDA and Ground Lease

PURPOSE AND JUSTIFICATION OF RECOMMENDED ACTIONS

First Amendment to the Amended and Restated Letter Agreement re: Revised Phase I Schedule of Performance and Certain Waivers Under the Disposition and Development Agreement (DDA) and Ground Lease

On February 9, 2009, the Authority instructed the Grand Avenue Committee (Committee) to complete negotiations with Grand Avenue L.A., LLC (Developer) concerning revisions to the Schedule of Performance for the Phase I development project on Parcel Q and associated payments to be made to the Authority. The agreement reached with the Developer allowed for an extension to the start of construction on Phase I on Parcel Q to February 15, 2011. The agreement also allowed for the Developer to request a further extension provided they could provide reasonable evidence that there is not available construction financing on commercially reasonable terms for Comparable Projects.

The Committee received a formal request for a two year extension to the construction start date from the Developer on September 23, 2010. The Developer requests that the new construction start date should be February 15, 2013. The Developer cites that they continue to be active in the financial markets and that there is no financing available for projects comparable to the Phase I, Parcel Q project, nor is there financing available for development of new speculative commercial real estate projects of any significant size. They further cite meetings with senior officials of a number of national banking institutions.

The Committee concurs with Related's assertions that construction financing is not available currently for the Phase I development and recommends approval of the requested extension. The Committee has negotiated additional terms with the Developer providing consideration for this extension. These terms are documented in the "First Amendment to Amended and Restated Letter Agreement Re: Revised Phase I Schedule of Performance and Certain Waivers Under DDA and Ground Lease" (First Amendment), see Attachment B. These terms are summarized as follows:

- o The Developer remains obligated to make \$25,000 quarterly payments to the Authority as required by the extension of February 9, 2009, the "Amended and

Restated Agreement Re: Revised Phase I Schedule of Performance and Certain Waivers Under DDA and Ground Lease” (2009 Agreement), until the earlier to occur of February 15, 2011, or the date that Commencement of Construction of Phase I occurs.

- As of February 16, 2011, the Developer shall make quarterly payments to the Authority of \$50,000 for each full calendar quarter until the date that the Commencement of Construction of Phase I occurs.
- The Developer remains obligated to pay the Extension Fee required by the 2009 Agreement, which will equal \$250,000 per month from February 15, 2009 until the earlier to occur of February 15, 2011, or the date that Commencement of Construction of Phase I occurs. Such fee is payable to the Authority upon the Commencement of Construction of Phase I.
- Upon the Commencement of Construction of Phase I, the Developer shall also pay a lump sum payment of \$1,000,000 to the Authority.
- The Developer remains obligated to pay the Authority all actual out-of-pocket third party reasonable legal and consulting fees incurred in connection with the negotiation and preparation of the First Amendment.
- The Developer shall execute a new release and waiver in the form previously executed in connection with the Existing Agreement, as of the date of the extension.

The Agreement also specifies the Authority’s right to accelerate the Construction Commencement Deadline by giving six months prior written notice to the Developer if the Authority determines that the Developer or another developer has commenced construction of a high rise, mixed-use project (with condominium and hotel components) in California with a budget of at least \$500,000,000.

In addition, the Agreement allows for further good faith negotiations between the parties if there continues to be reasonable evidence that there is not available construction financing on commercially reasonable terms for Comparable Projects, as defined, in February 2013.

The Committee recommends approval of the “First Amendment to Amended and Restated Agreement Re: Revised Phase I Schedule of Performance and Certain Waivers Under DDA and Ground Lease.”

Attachment

- A Recommended First Amendment to Amended and Restated Letter Agreement Re: Revised Phase I Schedule of Performance and Certain Waivers Under DDA and Ground Lease

THE LOS ANGELES GRAND AVENUE AUTHORITY

c/o The Grand Avenue Committee, Inc.
c/o California Community Foundation
445 South Figueroa Street, Suite 3400
Los Angeles, CA 90071-1638

_____, 2011

Grand Avenue L.A., LLC
c/o The Related Companies, L.P.
60 Columbus Circle, 19th Floor
New York, NY 10023

Re: First Amendment to Amended and Restated Letter Agreement Re: Revised Phase I
Schedule of Performance and Certain Waivers Under DDA and Ground Lease

Ladies and Gentlemen:

Reference is hereby made to (i) that certain Disposition and Development Agreement (Grand Avenue) between Grand Avenue L.A., LLC, a Delaware limited liability company (“**Developer**”) and The Los Angeles Grand Avenue Authority, a California joint powers authority (“**Authority**”) dated as of March 5, 2007 (the “**Original DDA**”), as amended by that certain First Amendment to Disposition and Development Agreement (Grand Avenue) among Developer, Authority and The Broad Collection dated as of August 23, 2010 (the Original DDA, as so amended, is referred to herein as the “**DDA**”); (ii) that certain Phase I Ground Lease between Developer and Authority dated as of March 5, 2007 (the “**Ground Lease**”); (iii) that certain Civic Park Design Agreement between Grand Avenue Park Development, LLC, a Delaware limited liability company (“**GAPD**”) and Authority dated as of March 20, 2006, as amended by that certain Amendment to Civic Park Design Agreement dated as of February 26, 2010 (collectively, the “**Park Design Agreement**”); and (iv) that certain amended and restated letter agreement dated as of February 9, 2009 executed by Developer and Authority (the “**Amended and Restated Letter Agreement**”). Capitalized terms not defined herein shall have the meanings given them in the Original DDA.

RECITALS

A. Section 501(1) of the Original DDA provides that the Schedule of Performance attached to the Original DDA as Exhibit “C” is subject to revision from time to time as mutually agreed upon in writing by Developer and Authority. Pursuant to the Amended and Restated Letter Agreement, Authority approved the revised Schedule of Performance for Phase I attached to the Amended and Restated Letter Agreement as Exhibit “C” Revised. Developer has requested that Authority approve the further revised Schedule of Performance for Phase I attached hereto as Exhibit “C” Further Revised (the “**Further Revised Phase I Schedule of Performance**”).

B. Section 2.1 of the Ground Lease provides that if the Possession Delivery Date (as defined in Section 2.1 of the Ground Lease) has not occurred within one (1) year after the

Commencement Date (as defined in the Ground Lease), Authority shall have the right to terminate the Ground Lease. Pursuant to the Amended and Restated Letter Agreement, Authority extended such termination right. In connection with the presently requested extension of certain dates set forth in the Further Revised Phase I Schedule of Performance, Developer has requested that Authority further extend such termination right for a period of time equal to the extension of the deadline for Commencement of Construction of Phase I set forth in this letter.

C. Developer and Authority previously entered into the Amended and Restated Letter Agreement to address the issues set forth therein, and now desire to amend the Amended and Restated Letter Agreement on the terms and conditions of this letter.

D. In consideration of Developer's agreement to pay Authority certain fees and costs as provided herein, and in consideration of the other covenants and agreements of Developer as reaffirmed and set forth hereinbelow, Authority has agreed to grant the foregoing requests of Developer with respect to Phase I, upon the terms and conditions hereinafter set forth.

AGREEMENT

1. **Schedule of Performance.** Authority hereby approves the Further Revised Phase I Schedule of Performance. Accordingly, the five (5) pages of the Phase I Schedule of Performance attached to the Amended and Restated Letter Agreement as Exhibit "C" Revised (which amended the Schedule of Performance attached to the Original DDA as Exhibit "C") are hereby replaced in their entirety with the Further Revised Phase I Schedule of Performance attached hereto as Exhibit "C" Further Revised. In addition, the Schedule of Performance attached to the Ground Lease as Schedule 5.1(B) (which was previously replaced with the Phase I Schedule of Performance attached to the Amended and Restated Letter Agreement as Exhibit "C" Revised) is hereby replaced with the Further Revised Phase I Schedule of Performance attached hereto as Exhibit "C" Further Revised, except that for purposes of the Ground Lease all references in such Exhibit "C" Further Revised to the "Developer" shall be deemed to refer to the "Lessee."

2. **Waiver Under Section 2.1 of the Ground Lease.** Authority hereby extends its right to terminate the Ground Lease under Section 2.1 of the Ground Lease until the deadline for Developer to Commence Construction of Phase I set forth in Article 4 below, as such deadline may be accelerated under Article 5 below. Accordingly, if the Commencement of Construction of Phase I (and the Possession Delivery Date) have not occurred by February 15, 2013 (as such date may be accelerated under Article 5 below), Authority shall have the right to terminate the Ground Lease pursuant to Section 2.1 thereof.

3. **Consideration.** The agreements of Authority set forth in this letter are made in consideration of the following:

3.1 **Representations and Warranties of Developer.** Developer hereby represents and warrants to Authority that the terms and conditions of this letter agreement have been fully

approved and authorized by the proper representatives of the subsidiaries of Istithmar Building FZE that are members in Grand Avenue LA Owner, LLC and upon execution hereof this agreement is a fully authorized and binding agreement of Developer.

3.2 **Civic Park.** The responsibilities of GAPD to manage the development of the Civic Park are not modified or extended in any way as a result of the changes in the Further Revised Phase I Schedule of Performance.

3.3 **Release and Waiver of Claims.** Developer and The Related Companies, L.P., a New York limited partnership (“**Related**”), each on behalf of itself and the Developer Indemnified Parties (as defined in Section 110 of the Original DDA), hereby releases and waives all rights, causes of action and claims (including, without limitation, claims for refunds, damages, costs, expenses and attorneys' fees) of every kind and nature whatsoever that Developer or Related has had or may have now or in the future, whether known or unknown and whether suspected or unsuspected, against any of the Authority Indemnified Parties (as defined in Section 110 of the Original DDA) arising out of or in connection with the DDA, the Ground Lease and/or any documents, certificates or statements related thereto that result from any actions, omissions or events that occurred prior to the date of this letter; provided, however, that the foregoing release and waiver expressly excludes any contractual benefits to which Related or Developer is expressly entitled pursuant to the terms and conditions of the DDA, the Ground Lease and/or any documents related thereto. Without limiting the generality of the foregoing waiver and release, Developer and Related hereby acknowledge and agree that under no circumstance, whether past, present or future, is Developer or Related entitled to any refund, repayment or recovery of the amounts previously paid to Authority under the DDA or Ground Lease, including the Deposit, the Leasehold Acquisition Fee (as defined in the Original DDA) for Phase I and a portion of the Leasehold Acquisition Fee for Phase II. Subject to and without limiting Section 208(6) of the Original DDA, the foregoing waiver and release does not limit any claims Developer may have arising from a future breach by Authority of its obligations under the DDA or the Ground Lease. In furtherance of the foregoing waiver and release, Developer and Related each acknowledges that it is familiar with Section 1542 of the California Civil Code, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

Developer and Related each hereby waives and relinquishes any right or benefit which it has or may have under Section 1542 of the California Civil Code or any similar provision of the statutory or non-statutory law of California or any other applicable jurisdiction to the full extent that it may lawfully waive all such rights and benefits pertaining to the subject

matter of this Section.

3.4 **Further Consideration.** The agreements of Authority set forth in this letter agreement are made in further consideration of the following: (i) Developer's agreement to extend the deadline for the County's delivery of the County Phase III Notice by the number of days occurring from December 1, 2007 until the date that Commencement of Construction of the Phase I Improvements actually occurs, as set forth in the letter attached as Schedule 1 to the Amended and Restated Letter Agreement, shall remain in effect, (ii) Developer's payment to Authority/the Grand Avenue Committee ("GAC") within thirty (30) days after invoice therefor, of all actual out-of-pocket third party reasonable legal and consulting fees (including, without limitation, fees for the legal services of Gilchrist & Rutter Professional Corporation) incurred by GAC/Authority and invoiced to Developer (with reasonable backup documentation) in connection with the negotiation and preparation of this Agreement, and (iii) Developer's agreement to make the payments to Authority as and when described in Article 4 below.

3.5 **Quarterly Reports.** Developer shall continue, until the Commencement of Construction, to provide the Reports defined in and described in Section 4.6 of the Amended and Restated Letter Agreement, upon the terms and conditions set forth therein.

Nothing in this Article 3 shall be deemed to limit the rights of Authority to deliver a Notice of Default in accordance with the terms of the DDA, including, without limitation, if Developer fails to meet the deadlines set forth in the Further Revised Schedule of Performance attached hereto.

4. **Extension.** The Amended and Restated Letter Agreement extended the deadline for Commencement of Construction of Phase I to February 15, 2011. Developer has requested that Authority further extend the deadline for Commencement of Construction of Phase I for twenty-four (24) months beyond February 15, 2011. In consideration for the payments and other obligations of Developer under this agreement and subject to the following conditions and Authority's rights under Article 5 below, Authority agrees to extend the deadline for Commencement of Construction of Phase I to February 15, 2013:

(i) Developer shall remain obligated for the payment of the Extension Fee, as defined in Section 5(i) of the Amended and Restated Letter Agreement (Section 5(i) of the Amended and Restated Letter Agreement provides that if and when the Commencement of Construction of Phase I occurs, Developer shall pay Authority an "Extension Fee", defined as an amount equal to the product of (A) Two Hundred Fifty Thousand Dollars (\$250,000) multiplied by (B) the number of calendar months after February 15, 2009 to the date on which Commencement of Construction of Phase I occurs). Notwithstanding the foregoing, as long as Commencement of Construction of Phase I occurs on or prior to February 15, 2013, the accrual of the Extension Fee will cease on February 15, 2011 (*i.e.*, part (B) of the definition of the Extension Fee will be amended to refer to the number of calendar months after February 15, 2009 until the earlier to occur of (i) February 15, 2011 or (ii) the Commencement of

Construction of Phase I);

(ii) Developer shall deliver an executed Release and Waiver in the form attached hereto as Schedule 1 (“**Waiver**”) on the earlier to occur of (a) February 15, 2011, or (b) the date that Commencement of Construction of Phase I occurs;

(iii) Developer shall continue to make the Interim Payments, as defined in Section 5(iii) of the Amended and Restated Letter Agreement, pursuant to the terms and conditions thereof, until the earlier to occur of (a) February 15, 2011, or (b) the date that Commencement of Construction of Phase I occurs;

(iv) Developer shall pay Authority, on a quarterly basis beginning February 16, 2011 and continuing until the earlier to occur of (a) February 15, 2013, or (b) the date that Commencement of Construction of Phase I occurs, the sum of Fifty Thousand Dollars (\$50,000) for each full calendar quarter (pro-rated for any partial calendar quarter during said period) (the “**Quarterly Payments**”). The Quarterly Payments shall be paid to Authority in arrears at the end of each calendar quarter until the earlier to occur of (a) February 15, 2013, or (b) the date that the Commencement of Construction of Phase I occurs, with the first payment to be made on March 31, 2011 (prorated for the partial quarter from February 16, 2011 to March 31, 2011). The Quarterly Payments are for the purpose of partially covering certain ongoing costs incurred by Authority for the services of the GAC in connection with Phase I of the Project; and

(v) Upon the Commencement of Construction of Phase I, Developer shall pay Authority, on the date that the Commencement of Construction of Phase I occurs, the amount of One Million Dollars (\$1,000,000.00) (the “**Lump-Sum Payment**”).

The Extension Fee, Interim Payments, Quarterly Payments and Lump-Sum Payment are non-refundable and shall not be credited against or reduce any other payments owed by Related or Developer to Authority, the CRA, the City or the County. Subject to and conditioned upon Authority’s receipt at the times specified of the items and payments listed in clauses (i) through (v) above, the deadline for Commencement of Construction of Phase I is hereby extended to February 15, 2013, subject to Article 5 below. Developer shall be entitled to a grace period of five (5) days beyond the applicable due date to deliver any of the items or payments required by clauses (i) through (v) above, and any such items delivered prior to the expiration of such five (5) day grace period shall be deemed to be timely delivered.

While Authority does not presently commit to permitting any further extension of the deadline for Commencement of Construction of Phase I beyond February 15, 2013, Authority agrees to negotiate in good faith (on terms and conditions mutually agreeable to Authority and Developer) with Developer regarding a possible further extension of the deadline beyond February 15, 2013, starting in November 2012, if Developer provides Authority with reasonable evidence that there is not then available construction financing on commercially reasonable terms for Comparable Projects (as hereinafter defined). If Developer provides such evidence to

Authority, Authority will take such evidence into consideration in the process of such negotiations, if any, for a further extension of the deadline for Commencement of Construction of Phase I beyond February 15, 2013, but Authority is under no legal obligation to grant any such further extension. As a condition of such negotiations (if any), Authority shall have the right to require that Developer deliver a new Waiver. As used herein, “**Comparable Projects**” means first-class mixed-use development projects in the continental United States of \$500,000,000.00 or more in value.

5. Authority’s Right to Accelerate Construction Commencement Deadline.

Notwithstanding anything to the contrary set forth herein, Authority shall have the right, but not the obligation, upon at least six (6) months prior written notice to Developer (the “**Phase I Acceleration Notice**”), to accelerate the deadline for the Commencement of Construction of Phase I from February 15, 2013 to a date (the “**Accelerated Phase I Construction Start Date**”) no earlier than May 15, 2012 if, and only if, Developer or another developer(s) has commenced construction of a high rise, mixed-use project (with condominium and hotel components) in California with a budget of at least \$500,000,000. For purposes of the foregoing sentence, “commenced construction” shall mean that permits have been issued and a contractor has been given a notice to proceed. The Phase I Acceleration Notice shall include Authority’s designation of the Accelerated Phase I Construction Start Date, which shall be at least six (6) months after the date of delivery of the Phase I Acceleration Notice and shall in no event be earlier than May 15, 2012. If the deadline for the Commencement of Construction of Phase I is accelerated pursuant to this Article 5, Developer shall Commence Construction of Phase I by the Accelerated Phase I Construction Start Date.

6. Reimbursement for Additional Requests. If, following the date of this letter, Developer or Related requests or requires the review or approval of Authority or the GAC including, without limitation, in connection with any Transfer (including any change of ownership interests in Developer) or any changes to the Project Documents for Phase I, Developer shall reimburse Authority and the GAC for all out-of-pocket costs incurred by them in connection with such reviews and approvals (including, without limitation, fees for the legal services of Gilchrist & Rutter Professional Corporation in connection therewith), within thirty (30) days of invoice therefor.

7. No Waiver. This letter shall not be construed as a waiver or modification by Authority of any requirements of the DDA, Ground Lease, Park Design Agreement or Amended and Restated Letter Agreement other than those expressly described herein.

8. Performance. Whenever the time for performance of a covenant or condition based on the terms hereunder falls on a Saturday, Sunday, federal or California legal holiday, the time for performance shall be extended to the next business day.

[signatures on following pages]

Please confirm your acknowledgment and agreement to the foregoing by countersigning where indicated below and returning an executed original of this letter to the undersigned.

Very truly yours,

THE LOS ANGELES GRAND AVENUE
AUTHORITY,
a California joint powers authority

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM:

Carmen A. Trutanich
City Attorney

By: _____
Timothy J. Chung
Deputy City Attorney

APPROVED AS TO FORM

Andrea Sheridan Ordin
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel

Grand Avenue L.A., LLC

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Acknowledged and agreed this ____ day of _____, 2011.

GRAND AVENUE L.A., LLC,
a Delaware limited liability company

RELATED GRAND AVENUE, LLC,
a Delaware limited liability company,
its Manager

By: THE RELATED COMPANIES, L.P.,
a New York limited partnership,
its Managing Member

By: The Related Realty Group, Inc.,
a Delaware corporation,
its sole General Partner

By: _____
Name: _____
Its: _____

Acknowledged and agreed this ____ day of _____, 2011 with respect to Section
3.3 of the letter to which this signature page is attached.

RELATED:

THE RELATED COMPANIES, L.P.,
a New York limited partnership

By: The Related Realty Group, Inc.,
a Delaware corporation,
its sole General Partner

By: _____
Name: _____
Its: _____

EXHIBIT “C” FURTHER REVISED

PHASE I SCHEDULE OF PERFORMANCE

<u>Submission - Designation of Art Consultant.</u> Developer shall submit the name of its proposed art consultant for Authority approval pursuant to Authority's Art Policy.	Complete.
<u>Review and Approval – Art Consultant.</u> Authority shall consider and approve or reject the proposed art consultant.	Complete.
<u>CRA Preconstruction Meeting.</u> Developer shall meet with the CRA’s Office Of Contract Compliance as required by Section 703(3) of the Original DDA.	At least sixty (60) days prior to commencement of grading.
<u>Submission – Community Outreach Plan.</u> Developer shall submit the Community Outreach Plan required by Section 703(3) of the Original DDA to the CRA Chief Executive Officer or his/her designee.	At least thirty (30) days prior to commencement of grading.
<u>Review and Approval – Community Outreach Plan.</u> The CRA shall approve or disapprove the Community Outreach Plan.	Within thirty (30) days after receipt by the CRA.
<u>PHASE I IMPROVEMENTS</u>	
<u>Submission – Schematic Design Drawings.</u> Developer shall prepare and submit to Authority its Schematic Design Drawings for the Phase I Improvements: the Retail Improvements, the Hotel Improvements, and the Residential Improvements.	Complete.
<u>Review and Approval – Schematic Design Drawings.</u> Authority, CRA and the County shall review and approve the Schematic Design Drawings as provided in Section 405 of the Original DDA.	Complete.

<u>Completion - Entitlements.</u> Developer shall have obtained all requisite Entitlements for the Phase I Improvements.	Complete.
<u>Submission – Design Development Drawings.</u> Developer shall prepare and submit to Authority Design Development Drawings for the Phase I Improvements.	Complete.
<u>Review and Approval- Design Development Drawings.</u> Authority shall review and approve the Design Development Drawings as provided in Section 405 of the Original DDA.	Complete.
<u>Submission – Concept Art Plan and Preliminary Landscape Plans.</u> Developer shall prepare and submit to Authority its Concept Art Plan and Preliminary Landscape Plans for the Phase I Improvements.	Complete.
<u>Review and Approval – Concept Art Plan and Preliminary Landscape Plans.</u> Authority shall review the Concept Art Plan and Preliminary Landscape Plans for the Phase I Improvements.	Complete (subject to the submission of Revised Concept Art Plan and Landscape Plan as provided below).
<u>Submission – 50% Construction Documents.</u> Developer shall submit approximately 50% Construction Documents (approximately 50% complete set of plans and specifications) for the Phase I Improvements, including the Retail Improvements, the Hotel Improvements, and the Residential Improvements, together with a written statement from Developer's architect, addressed to Authority, that, in the architect's professional judgment, the Construction Documents are approximately 50% complete.	Complete.
<u>Submission – 80% Construction Documents and Landscape Plans.</u> Developer shall submit 80% Construction Documents	Complete.

<p>(approximately 80% complete set of plans and specifications) and approximately 80% complete Landscape Plans for the Phase I Improvements, including the Retail Improvements, the Hotel Improvements, and the Residential Improvements, together with an Architect's Statement. The drawing packages of various disciplines can be at varying percents complete, but those packages that are most critical for construction and contracting to obtain construction financing and Commence Construction must be at least 80% complete. Examples of drawing packages that may be included are as follows: shoring, excavation, foundation, superstructure system, curtainwall, precast, waterproofing, elevators, fire protection, plumbing, HVAC, and electrical.</p>	
<p><u>Review and Approval – 80% Construction Documents and Landscape Plans.</u></p> <p>Authority shall review and approve the 80% Construction Documents and approximately 80% complete Landscape Plans as provided in Section 405 of the Original DDA.</p>	Complete.
<p><u>Submission – Construction Budget Based on 80% Construction Documents.</u> Developer shall provide Authority with a proposed construction budget for the Phase I Improvements based on the 80% Construction Documents.</p>	No later than 120 days before the application for the initial building permit for the Phase I Improvements.
<p><u>Review and Approval – Construction Budget Based on 80% Construction Documents.</u> Authority shall approve or disapprove, as set forth in Section 408(1) of the Original DDA, the proposed construction budget for the Phase I Improvements based on the 80% Construction Documents. Upon approval by Authority, such proposed budget shall constitute the "Phase I Final Construction</p>	Within forty-five (45) days after receipt by Authority.

Budget” contemplated by Section 408(1) of the Original DDA.	
<u>Submission – Revised Concept Art Plan and Landscape Plan.</u> Developer shall prepare and submit to Authority its Revised Concept Art Plan and Landscape Plan for the Phase I Improvements.	No later than 180 days before the application for the initial building permit for the Phase I Improvements.
<u>Orientation.</u> Developer shall coordinate a preconstruction orientation meeting with Developer's general contractors and Authority.	Prior to commencement of grading activities in connection with the Phase I Improvements.
<u>Construction Sign.</u> Developer shall cause to be erected on the Phase I Parcel a construction sign describing the development and the participants in accordance with Authority specifications.	No later than thirty (30) days prior to start of construction.
<u>Submission – Final Art Budget.</u> Developer shall submit a final Art Budget for the Phase I Improvements.	The date on which Developer has obtained all necessary permits required for the construction of the Phase I Improvements.
<u>Submission – Final Construction Documents.</u> Developer shall submit Final Construction Documents for the Phase I Improvements.	Thirty (30) days after the City’s completion of plan check for the Phase I Improvements.
<u>Review and Approval – Final Construction Documents.</u> Authority shall review and approve the Final Construction Documents.	Within forty-five (45) days after receipt by Authority.
<u>Commencement of Construction.</u> The Commencement of Construction of the Phase I Improvements shall have occurred.	No later than February 15, 2013 (such date is subject to acceleration as provided in Article 5 of the letter agreement to which this Exhibit “C” Further Revised is attached).
<u>Completion of Construction.</u> Developer shall submit certificate of substantial completion from Developer's Architect, with respect to the Phase I Improvements.	Within forty-five (45) months after the Commencement of Construction of the Phase I Improvements
<u>Final Inspection.</u> Authority shall conduct a	Within thirty (30) days after request by

final inspection of all improvements.	Developer, as applicable.
<u>Issuance of Authority Certificate (or Partial Certificate) of Completion.</u> Authority shall issue in recordable form the Certificate of Completion (or Partial Certificate of Completion, as appropriate).	Within forty-five (45) days after receipt by Authority of Developer's written request, provided all requirements for issuance have been satisfied.
<p><u>Architect's Assignment.</u> Developer shall execute and deliver the Architect's Assignment with respect to the Phase I Improvements to Authority and the County.</p> <p>Notwithstanding the foregoing, Developer shall not be in breach of its obligations hereunder if Developer is unable to comply with the provisions of this Paragraph due to Developer's contractual obligations with Gehry Partners and Frank Gehry.</p>	Within forty-five (45) days after the issuance of the final Certificate of Occupancy by the City.

SCHEDULE 1

FORM OF WAIVER

Developer and Related, each on behalf of itself and the Developer Indemnified Parties (as defined in Section 110 of the Original DDA), hereby releases and waives all rights, causes of action and claims (including, without limitation, claims for refunds, damages, costs, expenses and attorneys' fees) of every kind and nature whatsoever that Developer or Related has had or may have now or in the future, whether known or unknown and whether suspected or unsuspected, against the Authority Indemnified Parties (as defined in Section 110 of the Original DDA) arising out of or in connection with the DDA, the Ground Lease, and/or any certificates or statements related thereto that result from any actions, omissions or events that occurred prior to the date of execution of this waiver; provided, however, that the foregoing release and waiver expressly excludes any contractual benefits to which Related or Developer is expressly entitled pursuant to the terms and conditions of the DDA, the Ground Lease, and/or any documents related thereto. Without limiting the generality of the foregoing waiver and release, Developer and Related hereby acknowledge and agree that under no circumstance, whether past, present or future, is Developer or Related entitled to any refund, repayment or recovery of the amounts previously paid to Authority under the DDA or Ground Lease, including the Deposit, the Leasehold Acquisition Fee (as defined in the Original DDA) for Phase I and a portion of the Leasehold Acquisition Fee for Phase II. Subject to and without limiting Section 208(6) of the Original DDA, the foregoing waiver and release does not limit any claims Developer may have arising from a future breach by Authority of its obligations under the DDA or the Ground Lease. In furtherance of the foregoing waiver and release, Developer and Related each acknowledges that it is familiar with Section 1542 of the California Civil Code, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

Developer and Related each hereby waives and relinquishes any right or benefit which it has or may have under Section 1542 of the California Civil Code or any similar provision of the statutory or non-statutory law of California or any other applicable jurisdiction to the full extent that it may lawfully waive all such rights and benefits pertaining to the subject matter of this Waiver.

Executed this ____ day of _____, 201__.

GRAND AVENUE L.A., LLC,
a Delaware limited liability company,

By: RELATED GRAND AVENUE, LLC,
a Delaware limited liability company,
its Manager

By: THE RELATED COMPANIES, L.P.,
a New York limited partnership,
its Managing Member

By: The Related Realty Group, Inc.,
a Delaware corporation,
its sole General Partner

By: EXHIBIT – DO NOT SIGN
Name: _____
Its: _____

RELATED:

THE RELATED COMPANIES, L.P.,
a New York limited partnership,

By: The Related Realty Group, Inc.,
a Delaware corporation,
its sole General Partner

By: EXHIBIT DO NOT SIGN
Name: _____
Its: _____